

**ARIZONA STATE PARKS BOARD
LA POSADA HOTEL, COLTER ROOM
303 E. SECOND STREET, WINSLOW, AZ
MAY 15, 2003
MINUTES**

Board Members present:

Suzanne Pfister, Chairman
John Hays
Elizabeth Stewart
William Porter
Gabriel Gonzales-Beechum

Board Members absent:

Walter D. Armer, Jr.
Mark Winkleman

Staff present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Mark Siegwarth, Assistant Director, Administrative Services
Debi Busser, Executive Secretary
Rick Knotts, Western Region Manager
Karen Berggren, Park Manager, Homolovi Ruins State Park
Tom Fisher, Park Manager, Lyman Lake State Park
Andrea Madonna, Chief of Grants
Elizabeth Krug, Research and Marketing
Jean Emery, Chief, Resources Management

Attorney General's Representative:

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER - ROLL CALL

Chairman Pfister called the meeting to order at 9:35 a.m. Roll Call of Board Members indicated a quorum was present. Chairman Pfister requested Arizona State Parks (ASP) staff introduce themselves.

B. PUBLIC COMMENT

There was no public present who wished to make comments to the Board.

C. CONSENT AGENDA

1. Approve Minutes of April 23, 2003 State Parks Board Meeting

Mr. Hays made a motion to approve the Minutes of the April 23, 2003 State Parks Board Meeting. Mr. Porter seconded the motion. The motion carried unanimously.

D. PARTNERSHIPS AND EXTERNAL AFFAIRS

1. Section report

Mr. Travous reported that Mr. Ziemann, who would have presented these reports, was unable to attend due to the release of the most recent version of the budget at the legislature. It was felt it would be better for him to remain in Phoenix to monitor the situation.

Legislative Report

Mr. Travous reported that the income tax check-off is dead this year. It will be introduced again next year.

Mr. Travous reported that voting is taking place on the transfer of the 10% portion of the Growing Smarter Open Space Reserve to the Department of Agriculture. It appears to be moving again. At this juncture the legislators' attention is really on the budget and they are being pressured by the *Arizona Republic* to do something about Corporation Commissioner Jim Irvin. They announced that they will conduct an investigation. There is concern that if an impeachment process is begun now it will distract them from other things at hand.

Responses to the Employees Survey

Ms. Krug reported that the Board received a copy of this report at the April Parks Board meeting. She noted that ASP has conducted this survey for the past seven years. Six components have remained the same throughout those years: questions regarding the employee's over job, their immediate supervisors, perceptions of management, perceptions of agency communication, general information, and some demographics.

Ms. Krug added that the report is organized in three categories: an overall review of the data, results separated out by the Phoenix Office and the Field Staff, and general conclusions are at the end of the report.

Ms. Krug noted that staff tried to look at the data in different ways this year. Management and Supervisory responses were compared to Non-Supervisory responses to see if there were any differences in the means between those groups. A more in-depth comparison was done between the Field Staff and Phoenix Office to see what differences there may be in responses. They also looked at the differences in the means between 2001 and 2002.

Ms. Krug reported that the response rate (55%) has remained about the same from 2001 (56%). That response rate is considered good. In comparing response rates between Field and Phoenix Office rates, 2002 provided more of a balance.

Chairman Pfister asked how a 55% response rate compares with other state agencies.

Ms. Krug responded that staff do not know what other state agencies' response rates are. For the number of employees at ASP, 55% is a very good response rate.

Ms. Krug stated that a number of conclusions can be drawn from this survey. Overall, satisfaction has remained fairly consistent throughout the years. Employees are satisfied with their jobs and roles within the agency. Their level of satisfaction with benefits and training has remained consistent. Their knowledge of the Mission, Goals, and Objectives of their sections or parks has steadily been increasing over the years. Their level of satisfaction with communication within the agency has been steadily decreasing over the years, as well as with their supervisors.

Ms. Krug noted that it is important to remember that this particular survey is but one method of gathering employees' feedback. She added that 2002 was a year of obstacles. It was a difficult year with parks closures and other budget issues. The response rate does, however, indicate that the employees do care about the agency and its issues.

Ms. Krug stated that Research and Marketing (RAM) staff wondered if there was a difference in the responses of Management/Supervisors and Non-Management/Supervisors that might affect the means. There really is no difference. There

are no big differences in the means between 2001 and 2002. The biggest difference in the responses is the difference between the Phoenix Office and the Field Staff.

Ms. Krug reported that one of the major themes of this particular survey is that communication is a concern. Ideas were suggested, such as frequent staff meetings and a newsletter. There is also a need for Phoenix Office staff and the Board members to visit the field more often with the goals of enhancing communication and raising employees' awareness of each other.

Ms. Krug added that there were a substantial number of negative comments on this survey, ranging from the value of the survey to levels of communication. There are positive comments as well on this survey. Of the respondents, 84% are proud to be ASP employees. It is important to keep that in mind.

Chairman Pfister asked why a 55% response rate is considered good. She would have thought a 70% response rate would be considered good.

Ms. Audra Beyer, RAM, responded that, given the history of this organization, a 55% response rate is good.

Mr. Porter noted that 55% doesn't sound good when talking about a response rate of the agency's own employees. It seems they would have a strong vested interest in being heard. It could be read that either the 45% who did not respond are either totally satisfied and see no reason for any input or that 45% feel it is useless to say anything. The fact that only slightly more than half of the employees are willing to give input may in and of itself indicate a communications gap.

Ms. Krug responded that from 1994 through 2002, excluding 1998, the response rate is consistent. Improving the response rate would certainly be very good and allow for a better gauge of the employees' feelings.

Ms. Stewart noted that some employees may not complete the survey because they feel as though it's a waste of their time. She wondered that as well. She has had the opportunity over the past few months to attend several committee meetings on things such as fees, gift shops, and historic parks. One of the themes that does come out is a feeling that maybe nothing will happen as a result of the work those committees are performing. Having been a state employee herself and having received satisfaction surveys in the past, she knows that if there's a sense that completing it will not change anything then they wonder why do it. There may be a tendency of the people who feel strongly one way or the other to respond. She asked if there is some way they can ask different questions or reach out differently. Things have changed in terms of encouraging people to complete the survey because it is now anonymous. People don't have to worry about retaliation. That is a positive move.

Ms. Krug responded that she does not know whether the thought of changing questions has come up. The methodology has been changed to encourage confidentiality. People return their surveys to an outside data source.

Mr. Beechum asked what actually happens when the results are received. He asked if a plan is put in place and communicated to the employees once the results are received.

Mr. Travous responded staff have consistently taken the results and tried to figure out what to do. Some of the things that have been done in the past include: the Board Minutes are placed on the Server so those in the Field can read the Minutes and see what goes on at

these Board meetings; a highlight of Executive Staff meetings are sent out via E-Mail to the employees; last fall changes were made to the method of distributing awards (rather than wait for the employees' school to give out the recognition awards, each employee receives a letter from the Executive Director on their recognition date); a one-page newsletter has been reinstituted. While these things are being done, it isn't clear whether or not these things are pointed out as being in response to this survey.

Chairman Pfister wondered whether there has been any feedback as to whether anyone is reading the Minutes.

Mr. Travous added that it may be possible that there has been too much reliance on electronic communication. In the past, information was communicated through "check stuffers". That didn't work for a variety of reasons. There may need to be a menu of ways to disseminate information.

Ms. Krug noted that the results of this survey are posted on the Server so internal employees can access it off their computers. A hard copy was also sent to all Field Office staff on the assumption that everyone in the Phoenix Office can access a computer.

Mr. Travous added that, internally, there is a Communications Committee.

Mr. Porter asked how many employees are actually on E-Mail.

Mr. Ream responded that generally in the Field Offices, the Park Manager, the Assistant Park Manager, and possibly the Ranger IIs would be as deep as it goes. At many of the parks there is only one computer with E-Mail capability.

Mr. Beechum noted that it appears the work is being done and that staff are trying to accommodate the results. It may be that the information is not getting back to the respondents of the survey. Because not everyone may be checking their E-Mail, some employees are perhaps being missed. Some of those who were missed may feel that they filled the survey out last time and didn't get anything in return. Unfortunately, changes were probably made as a result of the survey, but they are just unaware of the facts.

Ms. Stewart noted that the employees have identified communications as one of the key issues. She stated that when she first began visiting the parks her perception was that if she showed up at the gate and announced that she is a Parks Board member it would indicate to staff that she thinks she's important and expects special treatment. What she did not understand was that the staff in the Field felt that the Board members never visited the parks and were not interested. They wanted to know if a Board member visited. Staff may not perceive the newsletter and the Minutes being posted as being in response to their concerns. She wondered if there should be communication that these things are being done in response to their concerns and perhaps do another survey asking for their suggestions to improve communications so that they can have some input. She didn't feel that sort of survey would necessarily need to go to an outside company; it would probably be done in-house.

Ms. Stewart added that it appears that the Board is getting out more. The Chairman has made a real effort this year to schedule meetings around the state. Perhaps there needs to be communication that the Board has been out to various parks.

Chairman Pfister added that park presentations are a part of the Board meetings. It sounds as though it may be good to have a future meeting with suggestions from staff and Field Staff on additional things that could be done to make them feel communication is better.

Chairman Pfister noted that this is generally a frustrating time to be a state employee. There is a clear message from the legislature that the employees are not valued. Where possible, the Board needs to show the employees that they are valued.

Mr. Travous suggested that information be sent to the employees about those things that have been done in response to the survey. One needs to wonder if they are getting that information. He suggested sending out an E-Mail that requests a response within a week to see how many responses he gets.

Chairman Pfister suggested asking whether they are reading the Minutes and whether it matters to them and if there is a better way to get the information out.

Mr. Hays noted he was affiliated with a smaller state agency that had the same complaint - lack of communication. The further the employees were from the Phoenix Office the more they felt left out, even though everyone had a computer and even though information went out over the computer and by mail, they still felt they were being left out because of the distance. The only way to counteract that is what the Board has been doing by meeting in the Field.

Mr. Porter stated he has really spent his first year on the Board trying to get acquainted with the organization itself and to get comfortable with where things stand on things such as policies, etc. He now understands everyone's role in the organization. It is his intention to get a lot more aggressive during this coming year in following in the footsteps of the Chairman. He has visited about 1/3 of the parks, but they were not the kinds of visits he really wants to do. He doesn't want to go to the parks, show up at the gate, and announce he's on the Parks Board. He prefers to let staff know ahead of time where and when he plans to go. He would like to not only become personally acquainted with the parks, but he'd like to have the opportunity to sit down and meet with as many of the staff at the parks as possible. Doing that forms a wonderful opportunity to have a live contact with someone they are not used to having a contact with. He encouraged staff to begin thinking how they can use those kinds of visits and what the Board members should emphasize in those kinds of sessions. Possibly some of these communication gaps can be broached and things such as the survey can be raised, its importance, and how it is used. He's sure there are other things staff would like to see emphasized that would make things flow better. If nothing else, it may be possible to avoid this "them vs. us" mentality that sometimes develops - especially in Arizona. In just about everything it's "Phoenix vs. the rest of the State". That's a mentality that constantly has to be dealt with. He would like to begin making visits over this summer.

Chairman Pfister noted that she has gone to parks and not told them until the end of her visit that she's on the Parks Board just so it doesn't influence them. She wants to be treated like everyone else. She does go up at the end, thanks them, and tells them she's on the State Parks Board. It usually gets a strange reaction. She wants to see how everyone else is being treated rather than to be treated differently.

Ms. Stewart noted that having gone to a lot of the parks before she became a Board member and then having gone after becoming a Board member with a friend and not mentioning she is a Board member and then having gone to many parks with Ms. Hawks on regularly-scheduled visits, she has found, except for one instance, she was treated just as well as an anonymous person than as a Board member. That says a lot for the people in the Field. One of the reasons she never felt she needed to say she is a Board member is that she got such good treatment. She went to Homolovi Ruins State Park a few years ago and went to

the office. Ms. Berggren was talking to a couple and imparting some wonderful knowledge and then spoke with her and her friend, who asked questions Ms. Berggren didn't have an answer for. She made some suggestions, checked on the answer, and sent an E-Mail to her friend. She had not mentioned she was a Board member. This is the treatment the public gets.

Mr. Porter noted his comfort zone with the parks' personnel is very high. He hasn't seen anything indicating there is a real problem in the Field with the parks' personnel handling their jobs with the public. His interest will be more of what can the Board do for them in helping them to better understand the Board's interest in getting those communication lines open. With all the problems, economic issues, budget issues, and the pain this agency will have to go through, it is important to get the communication process going.

Mr. Porter added that he was National President of a college board. At all the universities around the country they seldom ever saw anyone from the national organization unless they were in trouble. As a volunteer elected head of the organization, he decided to go out and visit some of the universities. It wasn't easy. But there was an amazing difference. In the long run, it opened channels of communication. They are now doing it on an aggressive basis and it has changed things dramatically.

Chairman Pfister suggested that by the July meeting staff can get feedback from the employees (i.e., are they receiving the E-Mails, is anyone bothering to read the Board Minutes, etc.). Perhaps the best thing the Board can do is encouragement and recognition to the extent that the Board can show its appreciation for the staff. She asked staff to bring suggestions to the July meeting for the Board meeting. Face time is probably the most important thing the Board can do.

Mr. Travous responded that he anticipates a lot of this is a matter of face time. It's a matter of Executive Staff finding the time so that they are not always communicating with human beings through electronic means. All of Executive Staff are trying, within the constraints of their own situations, to do that.

Chairman Pfister suggested that the Regional Managers assist in finding out what the Board can do since it is the parks that are the most concerned. She requested this be an Agenda Item in July.

Chairman Pfister asked if there is a sense from the feedback that tenure is an issue.

Mr. Travous responded that there was a breakdown by length of service. The most negative feedback was from the 7-14 years group.

Chairman Pfister noted that may be further evidence that these are frustrating times for state employees. People who have been with the agency for a long time may have a greater level of frustration than the newer employees.

Mr. Travous added that perhaps the shorter-term employees are still energetic and the longer-term employees are resigned to the situation. There was a difference.

Mr. Porter noted that when the school board ran surveys they consistently found that the younger teachers were still feeling energetic. It was that middle group of between 10-14 years who were disgruntled and unhappy. It wasn't so much individual people as it was length of tenure.

Mr. Travous noted that one needs to be careful about cause-and-effect when making correlations. However, there was a correlation.

Ms. Stewart asked if people were specifically asked whether things were getting better or worse.

Ms. Krug responded negatively.

Ms. Stewart noted that might be a question worth asking. It would be valuable to know if people feel that things are staying the same or getting better. If people think that things are overall getting worse, it would be something the Board would want to know.

Chairman Pfister noted that if employees were losing their benefits or having to pay more for their benefits they will not feel things are getting better. There has clearly been an erosion, and continues to be an erosion, where people will have to pay more for the exact same things they've had with fewer resources to get the work done.

Ms. Stewart responded she was thinking more in the line of whether communication was getting better or worse. Obviously the overall satisfaction of being a state employee may go way down.

Ms. Krug responded there was a question as to whether the employees agreed or not that there are effective communication channels available.

Ms. Stewart suggested that in next year's survey the Board may want to know how people feel things are in relation to how they have been in areas of communication.

Chairman Pfister suggested asking for feedback on the newsletter after a few issues have been sent as to whether it is helpful and what else the employees may want to see.

Ms. Stewart suggested including a question in next year's survey whether employees believe there was any effort made to respond to the issues raised in this survey and whether they were effective. It does no good to continue performing surveys unless there is some kind of plan to attack the areas that need extra effort.

Evaluation of the Off-Highway Vehicle Public Outreach Campaign-Phase II

Ms. Tanna Thornburg reported that ASP has had an Off-Highway Vehicle (OHV) program for the past 12 years. One of the major components of the program is education. A couple of years ago a more formal education program was begun. A public relations firm, Cooley Advertising and Public Relations, was hired. They created television ads, radio ads, and billboards. This ad campaign has been used for the past two years. Due to funding, a third year was not possible.

Ms. Thornburg reported this campaign was highly successful. Staff do not consider the campaign "terminated" and will do what they can to continue with it. There are still public service announcements being shown on television and radio. There are brochures and posters available. There has been a lot of support from partners (federal, state, and private non-profit groups) who really liked the campaign.

Ms. Thornburg reported a random state-wide telephone survey was conducted. In the second year of the campaign, just 25% of Arizonans were aware of the "Nature Rules" campaign. Staff felt that was a very good result for a social campaign. During the second year consequence-based behaviors were targeted. The recognition factor of the campaign

and attitudes jumped for the target audience (males, 18-24, who ride the quads, ATVs, and motorbikes) went to 47% regarding the campaign and the message.

Ms. Thornburg noted that during the campaign staff began working with the auto dealers, holding clinics for new owners of SUVs, trying to counter the national ads such as "No Boundaries" that give the impression people can do anything they want with their vehicles. This part of the program was tremendously successful. The clinics were well-attended. The participants loved them. These were all new owners.

Ms. Stewart asked what specifically was done to counter the "No Boundaries" ads. She asked if staff went to the national level to get them to change the ads.

Ms. Thornburg responded that the people at the national level would have to be hammered all the time for them to change their advertising. Staff go to Arizona dealerships, give them the brochures, tell them about the clinics, and try to get them to put the "Stay on Trails" brochures in the new owner vehicle packets. That is where the success was.

Ms. Thornburg noted the clinics have been well-attended. The last clinic ended in February. These clinics are for new owners.

Ms. Thornburg added that, because of the prohibition on out-of-state travel, one of the agency's partners took a presentation to the National Conference for OHVs. The presentation received rave reviews. ASP is obviously in the forefront of the national picture on this issue and people want to know how it was done, if they can copy it, etc.

Ms. Stewart stated she was very impressed with the ads and the scope of the campaign. The only thing that concerned her was that the response to the question, "Do you think the campaign is changing people's behavior?" indicated 50% of the land managers said "No," and 0% said "Yes," and 0% were "Unknown". Those figures do not add up. She noted that the people who have the vehicles are saying they are aware of the campaign and are changing their behavior, but the land managers appear to be saying behavior is not being changed. She is not sure if it's because of a tendency for people to not be terribly honest sometimes when they respond to surveys or if it's just that people are looking at it from different perspectives.

Mr. Siegwarth noted the second question, "Do you think the campaign is changing people's awareness and attitude?" is 50/50 for Land Managers. He felt that if awareness and attitude is being changed, it would probably be the same for behavior.

Ms. Stewart noted that there is a much larger percentage of Users who said "Yes" under the second question than under the first. "Awareness" and "Behavior" are different.

Ms. Thornburg responded that she believed more people were aware because of this campaign. She believes there were much fewer who were saying they saw a change in behavior.

Chairman Pfister asked staff to confirm the numbers for the first question.

Ms. Stewart stated she would agree that people are aware. That was a very dynamic campaign. The ads were so catchy. She believes there has been success in the area of awareness. It would be helpful to know how successful the Land Managers feel the campaign has been in actually having behavioral changes.

Ms. Thornburg noted this is only the second year of the campaign. A social campaign to change behaviors takes about five years.

Off-Highway Vehicle Economic Impact Study Results

Ms. Thornburg reported this program was begun two years ago. Staff worked with ASU, ASU West, and the Game and Fish (G&F) Department. G&F was doing a very similar study on hunting and fishing. Since they also have charge for OHVs, we partnered and pooled the agencies' resources with donations from ASU to work on this study.

Ms. Thornburg reported that the combined impact on Arizona of hunting and fishing was a little over \$1 billion. The economic impact of OHVs is \$4.25 billion. This user group purchases more expensive vehicles and they go more often. They are a very active group.

Ms. Thornburg reported the information will be placed on the Website. The data has been summarized and information is provided by counties. She explained the model that was used in comparing the information.

Ms. Stewart asked if this was the same model that was used for the Economic Impact Study of the State Parks.

Ms. Thornburg responded that this study was conducted by comparing counties rather than statewide. It was a very different model from the parks' study.

Chairman Pfister asked how this information is being disseminated.

Ms. Thornburg responded this study has been shared with the Parks Board first. It will be placed on the Website, there will be hard copies, and it will be distributed through a variety of ways. Unfortunately the agency lacks the staff to send out to give this presentation. Instead, staff will rely on the agency's partners, the OHV Advisory Committee, and other various organizations who have been waiting for this report. There is national interest in this report.

Chairman Pfister thanked staff for this study. She feels it is very helpful and may be used, in the future, to help build on the campaign for awareness and creating good behaviors.

Ms. Stewart noted it does show the need for that kind of campaign to continue if there are this many people out there with the potential for uninformed negative impact.

Mr. Porter noted the problem is that Arizona has such a growing, dynamic population that younger people are coming of an age where they begin getting involved in it. There will be a residual effect.

Ms. Stewart noted the economic impact of the severe damage to the resource if there is an uninformed use. It is a serious problem. It may be useful to also study the economic impact of improper use. Only the rosy side of this issue is being portrayed. If the reasons why the educational campaign is necessary and the importance of changing behavior is not presented, there may not be an understanding of the economic impact of improper use.

Ms. Porter noted that his part of the state (the northwest corner) is particularly sensitive because they have so much interesting terrain that is very fragile. The damage that is consistently being done there is very disturbing.

Update on Termination/Continued Suspension of OHV Contracts/Grants

Mr. Siegwarth reported staff originally figured out what ASP might receive back from the cancellation of the IGAs. It may be possible to close the year out with \$0. Staff have been working diligently with the Forest Service, BLM, the Arizona State Land Department, and G&F. The Land Department has revised their estimate. It is now possible to end up with \$1

million, which would take care of the people who have expended their money. The Governor is already trying to save money from next year's budget to take care of that. This will be good news for her. The JLBC still wants \$4 million. It would be good news for them, but for a different reason. He believes staff will have to work with the Governor's Office to ensure that this good news actually pays off.

Ms. Stewart asked if staff are saying there will be enough money to give the legislature what they want and to pay our bills.

Mr. Siegwarth responded negatively. He noted the legislature was really appropriating \$4.7 million out of \$2 million worth of revenue. They still have the \$700,000 and may be resigned to only getting \$2 million where they were hoping for \$4 million. The Governor, on the other hand, had accepted the \$2 million and was going to put \$1 million in the General Fund and \$1 million to pay these people. The current budget still has that \$4 million figure. In talking to the Governor's Office and with the lower expectations of the legislature, he is hopeful that this \$1 million will be used to repay those grant recipients who expended money.

Chairman Pfister stated the full intent is to use whatever money is left to make the others whose contracts were suspended whole.

Mr. Siegwarth agreed and added it is about \$1,005,000. It is a matter of getting the Governor and the legislature to agree and hold the Board harmless on it.

Chairman Pfister asked if the majority of that money can come back from the State Land Department.

Mr. Siegwarth responded that he expects to receive \$1.2-\$1.3 million back, about \$1 million of it from the State Land Department.

Ms. Stewart asked what the outstanding bills are, in a ballpark figure.

Mr. Siegwarth responded the grantees have actually spent about \$1,005,000 and submitted for reimbursement. This would just about cover those expenses.

Ms. Stewart asked if the \$600,000-\$700,000 would be available for operating expenses.

Mr. Siegwarth responded that the G&F OHV money would be used next year for operating.

Chairman Pfister noted the Board's goal will be to work with the JLBC to say the Board wants to honor the contracts first.

Mr. Siegwarth responded that he would call the Governor's Office today or tomorrow to begin the process. He wants them on board, too. This will be good news for them.

Ms. Stewart asked if the legislature has been contacted regarding the \$1,005,000.

Chairman Pfister responded that they have been given information regarding what contracts are owed. They were provided very clear information.

National Register Report

Mr. Travous reported these are the properties that will be presented at the May meeting of the Arizona Historic Sites Review Committee. A report was presented to the Parks Board in February, and nothing has changed.

Chairman Pfister noted this does not require Board action. She noted that there are some interesting buildings included that are of significance.

Ms. Stewart noted she had the opportunity to attend one of the Site Review meetings. It was very interesting. She recommended that if any Board members are available May 30 they should attend.

2. Board Actions:

- a. **Consider Awarding FFY 2003 Land and Water Conservation Fund (LWCF) Monies for the FY 2002 Local, Regional and State Parks (LRSP) Heritage Fund and FY 2002 State Lake Improvement Fund (SLIF) Projects** - Staff recommends awarding Federal Fiscal Year 2003 LWCF monies to the four FY 2002 unfunded LRSP applications and the one FY 2002 SLIF application from the highest-scored and continuing down the lists. The Executive Director or his designee is authorized to sign Participant Agreements. At its August 26, 2003 meeting, AORCC unanimously concurred with this recommendation.

Mr. Porter stated that in reviewing this Agenda Item he got a bit disturbed. He is very dissatisfied with the applications and does not believe they are a good expenditure of these funds.

Chairman Pfister requested staff give an overview of this issue for the benefit of all the Board members.

Ms. Madonna reported that at the September 2002 Board meeting staff brought forward all the LRSP Heritage Fund grant applications for review. Normally there are more applications than Heritage Funds available. In a normal year staff waits until LWCF money becomes available from the National Parks Service to fund the rest of those projects.

Ms. Madonna noted that the Board was concerned about four applicants who did not receive grant money. The Board directed staff to go back to those four applicants and work with them to ascertain whether there were things they just didn't answer in the Rating Criteria and to see if there were other items overlooked before making a recommendation.

Ms. Madonna reported that the apportionment for this FY is late because of problems with the Department of Interior's budget. It is finally making its way to ASP, even though it is not here yet. Staff are expecting to receive \$1.7 million for LWCF. If that happens, the Board will have \$1.23 million for the grant side and \$520,000 for ASP (70% goes to grants from LWCF and 30% goes to outdoor recreation projects in the ASP system).

Chairman Pfister asked if that is by federal statute.

Ms. Madonna responded that the 70/30 split is by agreement with the Arizona Outdoor Recreation Coordinating Commission (AORCC). It is specific to ASP. The federal regulations allow the Board to do what it wants so long as the projects are eligible.

Chairman Pfister noted that because this is federal money it is not money that can be swept by the state legislature.

Ms. Madonna confirmed that statement. She referred to page 92 of the Board packet that contained the scores for the FY 2002 LRSP Grant applicants. Staff went back to the applicants and worked with them to re-rate their projects. She noted that the Peoria 75th Avenue & Greenway Park now scores 63.5. Lake Havasu City project now scores 54. The St. Johns project now scores 55. The Globe project now scores 58. She noted that there was one SLIF applicant who was willing to accept LWCF funding for their project. La Paz County now scores 25.4.

Ms. Madonna reported that staff went out to the applicants and worked with them on rewriting and gathering the documentation for their projects. In many cases there were plans in place but the parks and recreation staff were not familiar with those documents. Staff helped track those documents down and it helped raise the scores. In a few cases, scope items and associated costs were not specified. Staff assisted them in obtaining that information as well. After all the new information was assembled, the Rating Committee met again.

Ms. Madonna stated that staff are still confident that these are good projects. They just did not score well with the rating criteria. Staff recommends moving forward with these projects.

Chairman Pfister noted the Board previously funded everything above the line except the one Peoria project.

Ms. Stewart asked if the Board has a policy that a certain percentage of the awards are supposed to be above a certain percent. She knows the Board chose not to follow that policy last time.

Ms. Madonna responded that is in the Strategic Plan and it is only for the Heritage Fund side of the grants program. There is no Strategic Plan goal for LWCF. That rule states that the Board tries to fund 70% of all funded projects with scores of 80 points or higher, and 30% can score below that.

Ms. Stewart stated her overall feeling is that the Board will have very little, and perhaps no other, money other than some money for trail maintenance next year. It seems to her that the Board ought to have a grants cycle with a deadline in November. She has no problem in allowing these projects to be considered along with whatever else may come in and not require them to resubmit. It seems to her that if there is so little money the Board should be looking for projects that score higher. There were other projects that were under the same criteria that were scored in the 80s and high 70s. She asked how far down the list the Board went in September.

Chairman Pfister responded that the Board funded all of the projects above the line except for the Peoria project.

Ms. Stewart noted she had concerns about it at that time. At that time there was a lot more money available and there was the prospect of additional money coming in. She believes that, in view of the fact that the Board knows what its funding will be in the coming year and the fact that this money will not be subject to being swept, she believes the Board owes it to the public to open this up and allow others to apply.

Mr. Porter stated that he does not decry that these are good projects. He believes they are very important to the people involved trying to make these things work. The question is whether these are things the Board should be funding with very limited funds. When one looks at the ratings and they get below the 70s, there is a huge jump. He has a real problem with that. He would prefer following Ms. Stewart's suggestion to go back out if that's something the Board can do.

Mr. Travous stated there are a couple of things the Board needs to consider when it comes to LWCF funds vs. the Heritage Fund. One is that the same criteria is used for both. The Heritage Fund criteria was built upon the criteria for LWCF because it had been around for years, although it went to \$0 in the 1990s. It is just now coming back to some semblance of

being able to use the money. Because the Board has the money from the Lottery, the Heritage Fund really gets all the high-scoring projects. At the end of the year, when the money is awarded, all that is left over are the projects that did not score as well. It helps because there is no Strategic Goal for the LWCF as there is one for the Heritage Fund.

Mr. Travous added that, although the money for the LWCF cannot be swept by the legislature, it can be rescinded by the federal government. Particularly now, they want to see the money obligated quickly. Even though ASP is just getting the money right now, right now is when they are also talking about what they are giving next year. If ASP does not have the money obligated quickly then the message gets back to Congress that the Board did not need the money because it did not obligate the money. Then the National Parks Service, in order to keep that from happening, will come back fairly quickly to see what the Board did not obligate and deobligate that money and give it to other states that are not waiting around.

Chairman Pfister noted it is a "use it or lose it" tactic.

Ms. Stewart responded that if they have just now given the Board the money they cannot expect the Board to have already obligated it.

Mr. Travous responded that they can. That's the point. Good logic cannot be applied to the federal government. They will look for an obligation right away. That does not mean the Board should fund those projects. He is just saying that these are the circumstances and the risk that the Board takes.

Ms. Stewart responded that it appeared to her that if the Board immediately got on this, announced it, and got moving on it, the money would be spent in six months. She doesn't really see that to be a problem. It concerns her that the scores are still so low after staff went out and virtually rewrote those applications. Some of the others can be justified because they didn't have the benefit of extra assistance.

Mr. Porter noted there is a recommendation to give the Circle K Park Athletic Field \$62,500 with a rating of 57.

Chairman Pfister noted the Board already funded that project. The only projects being discussed for funding now are Peoria, Lake Havasu, St. Johns, and Globe.

Ms. Stewart noted the Board is also discussing funding a project that got 25.4 points. An award of \$129,000 is substantial when the score is so low.

Ms. Madonna responded that that grant application was a SLIF application. Staff went back and asked them to resubmit. They submitted information for the second section of the rating criteria. This project was not designed for the rating criteria. They answered the questions as best they could.

Chairman Pfister noted they were invited to apply because SLIF was raided. It was her idea to allow those projects to apply under LRSP. They probably don't fare as well under LRSP as they do under SLIF.

Mr. Travous noted that, as a matter of brief history (2-3 years ago) staff stood by their guns and stated that "below the line" does not meet the goals. The last couple of years when staff recommended against funding those applicants, those people came to the Board meeting and the Board funded them. He believes these applicants are not present because of their belief that their projects will be funded. While it can be done either way, it would be nice to

know if the Board is going to fund projects below the line. A lot of staff time was expended on these projects in anticipation of funding.

Ms. Stewart responded that the Board made it perfectly clear that it would consider them if the scores improved. She believes the Board anticipated they would go up a bit higher than these did. She has a problem with them. The bottom line is that the Parks Board is the steward of public money. Staff have gone out and practically rewritten these applications but they still fall far short of the Board's own criteria and policies.

Mr. Porter asked if these applicants will be looking for continued funding.

Chairman Pfister responded that these are mostly capital projects. They are a one-time thing. She explained that the projects on this list were already funded except for the five currently being discussed. There is additional money that has been received from the federal government that allows the Board to go further down the on the list. These are not new applicants; they went through the first round and the Board was unable to fund them. The only projects being considered are Peoria, Lake Havasu City, St. Johns, Globe, and La Paz County.

Ms. Stewart stated her position is that the Board should open it up and allow others to apply with the hope there will be higher-scoring projects and that it be done on a fairly short cycle. There could be deadline of November.

Chairman Pfister noted the grant programs will be messed up this fall because there is so little money. She asked if Ms. Stewart's suggestion was to simply go out to bid again mid-season.

Mr. Hays noted that the problem is just how long this money will be available. He asked what the timeline is to award this money.

Chairman Pfister stated she is very hesitant to run a new grant program. It is a big deal. It's a big deal for staff's time and it's a big deal for the applicants.

Mr. Hays asked how long this money will be available.

Mr. Travous responded that one of the problems with getting the money so late is that had the money been received in February or March they would have taken it into account and would currently be talking about those states who have not obligated the money. They might still be talking about it right now knowing full well that the states have just received the money. They might make it a wash by saying it hasn't been obligated because the state hasn't received the money. Or, they could have delayed it long enough to where the Board couldn't award the money and use that as an excuse. He has seen it happen both ways.

Mr. Travous asked if there is a Heritage Fund LRSP process already in place for this coming year.

Ms. Madonna responded that applications have been received for the three Heritage Fund grants.

Mr. Travous asked if, because the criteria is the same, the Board could just add this money to the pot being awarded in September.

Ms. Madonna responded that could be done. There should be more LWCF money in February 2004.

Chairman Pfister suggested that the Board could keep the money that is here now, not fund any applicants, let these applicants compete in September against others who have submitted applications, and see how these shake out in comparison to the others.

Ms. Madonna responded that the Board could do that.

Chairman Pfister noted that the Board members are asking if there are better projects with limited dollars to award, why wouldn't the Board fund those higher-scoring projects.

Ms. Stewart stated September certainly won't cause the federal government to take the money back.

Mr. Beechum noted he doesn't have the criteria before him. He asked if there is a difference in criteria between a rural and city parks. He noticed three or four of those not funded are more or less rural areas. He is concerned that if they go back out for competition they won't be able to compete.

Chairman Pfister responded that the Board does not favor urban projects over rural projects. However, the reality is that larger cities have their grant writers.

Ms. Stewart noted that the highest scoring projects were Cottonwood and Snowflake. They are rural communities. That is one reason why the Board sent staff out to assist these applicants. They still came back pretty low.

Mr. Travous noted that another administrative difference is that the LWCF money has been placed at a lower tier than the Heritage Fund money. In LWCF there is a surcharge of 10% of the grant award on the communities to administer that program. The communities know that. They would prefer receiving Heritage Fund money because with LWCF they have to cut a check for ASP immediately.

Ms. Stewart stated she assumed they would rather get the LWCF than nothing. That is what it will come down to.

Mr. Travous stated that it appeared to him that the Board has about a three-month crash. The Board will then have to decide how to rate them. The rating method has always been to have the Heritage Fund grant awards first and the LWCF second. With that, the Board could be back in the same boat of the lower scoring applicants being funded through LWCF.

Ms. Stewart stated she felt the Board would be more comfortable knowing they did everything they could to fund high-quality projects.

Mr. Travous noted his reason for bringing up the history is the staff have been on the other side of this argument trying to get the Board to hold the line in the past. Staff are looking for consistency.

Ms. Stewart responded that she wasn't sure that the Board was necessarily inconsistent. The Board is saying there is a point below which it may not want to go.

Chairman Pfister stated that the Board would defer action on this item until later in the meeting to give the Board time to come up with a suitable action.

- b. **Consider Obligating Federal Recreational Trails Program (RTP) Nonmotorized Trail Project Allocations** - Staff recommends the FFY 2002 and FFY 2003 nonmotorized trail project portion of the RTP revenue and any

carry over monies from the current trails maintenance program be used to fund statewide trail maintenance and coordination services.

Ms. McVay reported that the Recreational Trails Program (RTP) is a federal fund to help states provide and maintain recreational trails for a very small subset utilizing TEA-21 money. ASP receives \$1 million per year from this fund. Administrative costs in the amount of 5% of that money is taken from the top; another 7% comes off the top for education. After that, it is a 50/50 split for motorized and non-motorized projects. The motorized projects are currently funding the competitive grants cycle and the non-motorized are funding a pilot project for routine trail maintenance. She noted that partners include cities, counties, towns, and tribes. The projects being funded and their status was included in the Board packet. Staff anticipate that all of these projects will be completed by the end of the calendar year and are looking forward to the next cycle.

Ms. McVay noted that because this was a pilot project, serious time and money were spent evaluating project. Staff consulted with agency partners and surveyed everyone currently receiving these funds. Everyone overwhelmingly said that trail maintenance is needed and that this program should continue. Staff recommends that the Board obligate money for trail maintenance.

Ms. McVay added that there will be changes to the project in the future. The different areas will be broken down. Currently there is one contractor who is handling everything. Separate contracts will be issued. There will be one contract for trail crews. There are three within the state that do very good jobs and they will be on one contract. There will be a separate contract for someone to coordinate these services. They will work with the entity receiving the services and with the trail crews to see which crew is available at that time. There will be a separate contract to handle the NEPA process.

Ms. Stewart asked if the RTP fund amount is the amount the Board granted.

Ms. McVay responded that it is.

Ms. Stewart noted that the match sometimes amounts to 25% and other times is equal or more. She asked if there are any specific requirements.

Ms. McVay responded that it needs to be at least 20%.

Ms. Stewart noted that one of the types of trails that can be funded is cross-country skiing trails. She asked if that type of trail is actually funded.

Ms. McVay responded there are some trails in Flagstaff that could conceivably fall under that category.

Ms. Stewart asked if those people who maintain the cross-country trails know that this is available.

Ms. McVay responded that they are aware.

Ms. Stewart noted that staff is recommending that the Board continue to do the maintenance project, i.e., putting all the money into maintenance rather than any new trails. She asked if that is just for the next year.

Ms. McVay responded the Board can only obligate up to 2003 money. It appears that Congress will reauthorize funding this fall even though at this time it is only in draft form.

Ms. Stewart asked if staff anticipate that the Board would continue this project exclusively beyond the next year based on the feedback received.

Ms. McVay responded positively. She noted that a lot of people like the fact that, given it is not a grant program, the application is only one page; it is not rated - staff ensure that it falls under the NEPA compliance. People really appreciate that.

Ms. Stewart noted that makes it easy for the rural areas. She asked if there is enough demand to use all of the money each year.

Ms. McVay responded positively. She added that, especially from the standpoint that the word has gotten out, this is the first time there's been 23 partners and about \$200,000 carryover. The word is out about this now and it's going to be very popular.

Board Action

Ms. Stewart: I move that the FFY 2002 and FFY 2003 nonmotorized trail project portion of the RTP revenue and any carry over monies from the current trails maintenance program be used to fund statewide trail maintenance and coordination services.

Mr. Porter seconded the motion. The motion carried with Chairman Pfister abstaining.

Chairman Pfister called for a recess at 11:07 a.m.

Chairman Pfister reconvened the meeting at 11:20 a.m.

Mr. Porter made a motion to go to Executive Session. Mr. Hays seconded the motion. The Board went into Executive Session at 11:20 a.m.

The public portion of the meeting was reconvened at 11:35 a.m.

F. PARKS

1. Section report

Report on Spur Cross Buyout Plan by Maricopa County

Mr. Ream noted that a copy of the newspaper article relating to Spur Cross was distributed to the Board.

Chairman Pfister stated she did not understand what they mean by "selling the state's interest". She asked if it means that it will now be a two-party agreement rather than a three-party agreement.

Ms. Stewart noted that perhaps the Board needs to know what the "state's interest" is since there are some Board members who were not on the Board at the time the state became involved.

Mr. Ream responded that Spur Cross is 2000 acres plus an 80-acre out-parcel located north of Cave Creek between the Town of Cave Creek and the Tonto National Forest. That is key to what will be discussed. It was owned by two entities: The Great American Insurance Company and a gentleman by the name of Mr. Herb Dreiseszun. For 15 years a group of grassroots preservationists tried to preserve this land, first by trying to get a trade to the Forest Service, trying to get other entities to purchase it, and finally they convinced Governor Hull that this was a worthy conservation project. Governor Hull enacted legislation that created Spur Cross State Park by using \$3.75 million of General Fund money

and approximately \$3.75 million of a combination of Heritage Funds, Historic Preservation funds, and Natural Areas funds. Not all of the property was eligible under Natural Areas funding; however, because of the archaeology a great deal of it could be preserved under Historic Preservation funds.

Chairman Pfister noted that Spur Cross is considered the last perennial free flowing stream in Maricopa County.

Mr. Ream continued his report by stating that the price was around \$14 million. However, as soon as things came together, the price rose by another \$7 million. It was to be half from the state and half from the County. As the price rose again, an additional \$6 million was needed to make the purchase 100%.

Chairman Pfister noted that the Governor had announced that the Board was going to buy this parcel before negotiations had even begun.

Mr. Ream noted that this was a tenuous situation and required incredible timing. In September of 2000 the Town of Cave Creek taxed themselves through a bond election and added a sales tax to themselves for the operation of the park to the tune of \$6 million. Now it's a tripartite ownership. That ownership is: ASP, Maricopa County Parks, and the Town of Cave Creek. Through a number of IGA maneuvers, ASP traded its fee interests in the land for a conservation interest over the entire 100% of the land, excluding the 80 acres discussed previously. That 80 acres still sits out there and is not on anyone's radar screen. The idea is to some day use that 80 acres as an exchange for more Spur Cross property or something else for Spur Cross.

Ms. Stewart noted that the only thing the Board actually owns, then, are the development rights. The Board does not own the land.

Mr. Ream added that he is not sure exactly what has transpired between our state representatives and Maricopa County.

Chairman Pfister noted that they have not been interested in sharing that information with anyone.

Mr. Ream stated that, for the return of \$7.5 million, ASP would return all of its rights in Spur Cross.

Ms. Emery added that ASP has two conservation easements, one of which is from the county. She wonders whether the \$7.5 million is for both conservation easements or just the one.

Ms. Stewart asked if half of the fee is owned by the County and half by the Town.

Mr. Ream responded that the Town does own its part in fee.

Ms. Emery added that, essentially, the Town bought 30% of the parcel and the state and County bought 70% by value.

Ms. Stewart asked if ASP also holds a conservation easement over the Town's portion.

Mr. Ream responded that the Town, in its wisdom because of future town councils and in order to preserve Spur Cross, made ASP the repository of a conservation easement over the whole thing to ensure in perpetuity that development would not happen on Spur Cross.

Ms. Stewart asked what part Maricopa County is supposedly buying - the development rights to the fee area they already own or are they trying to buy the development rights to the area they own and the area that Cave Creek owns.

Mr. Siegwarth read a portion of the legislation as follows: " . . . State Parks shall transfer title and any property rights related to Spur Cross State Park which was acquired pursuant to Section 441.511 to Maricopa County in reimbursement for the transfer of \$7.5 million from Maricopa County to the State's General Fund."

Ms. Stewart noted that includes the Town's portion.

Mr. Siegwarth agreed and added that ASP is giving up everything related to Spur Cross.

Ms. Stewart noted it is all going to the County. Normally one cannot have an easement over one's own land.

Mr. Siegwarth responded that it is conditional. There has to be an execution on an IGA between ASP and Maricopa County that the county shall continue to operate the property as a park and the property shall not be made available for residential or commercial development.

Chairman Pfister asked if there is any sense of why this was done.

Mr. Travous responded there is not. He added that there have been some discussions about opening up the land north of the park for some people who want to develop land and need access through the park to get to that land.

Mr. Hays asked if ASP has no protest rights since the agency is a child of the legislature. He also asked if the legislature can do whatever they wish.

Mr. Travous responded he has posed that question to the agency's attorneys. Their response is that they can make a good argument, and may be in the process of making a good argument, that the legislature has overstepped its bounds in negotiating the disposal of state property on its own and have infringed on the Administration's portion. The difference is that if the legislation would have said that ASP shall dispose of its interests on Spur Cross within two years, then the Board would have had two years to do that. It would have been following legislative approval, assuming that the Governor would have signed it. However, because it is saying "for the amount of . . . you shall" it's getting into the Administrative portion. For instance, the Board's conservation easements might be the bulk of the value of that land and \$7.5 million might not be enough. They are exploring that part of the argument right now. While it is gray, it appears that they are overstepping their bounds.

Mr. Travous added that the Attorney General's Office is also doing the same thing with the Department of Administration (DOA) regarding property that DOA owns on the Interstate. DOA doesn't care because they want to get rid of that property. This issue has been kicked up to the highest levels of the Attorney General's Office. The Attorney General himself is involved and wants to ensure that the advice he gives to the agencies is consistent across-the-board.

Mr. Hays noted that another issue is that the Heritage Funds that were used to purchase Spur Cross are being ignored as far as replacing them.

Mr. Porter noted they know they can do that because they did it to G&F.

Mr. Travous responded that the difference would be that they took it out of a fund that had money sitting in it. The way they are doing this is not acknowledging that the fund exists. He has run into resistance from the Attorney General's Office saying that if we got proceeds they should go back into those funds rather than use the Heritage Fund as a shell game to accomplish their ends. It needs to be more transparent than that. If they were going to take it, they can. However, they would be better off in putting it back into the Heritage Fund and then taking it back out. They certainly have the authority to do that.

Mr. Porter asked if the Attorney General is considering that issue as well.

Mr. Travous responded that he understands that the Attorney General is considering that issue also.

Mr. Porter stated that it is setting a precedence. It's setting a methodology. Once it's gone through it will be very hard to go back and attack later on. He can see five years from now a future legislature deciding that they want to sell Kartchner Caverns State Park.

Ms. Stewart noted that it seems as though another question to ask might be whether the Board has an obligation to inform the legislature of its interest. She would imagine that there are many legislators who don't really understand that it's the development rights that the Board holds and that the Board does not actually hold the land. When that comes out it raises all kinds of questions as to why this is being done.

Chairman Pfister noted that it is clear that this has not been well discussed and that it has been done behind-the-scenes. She hopes that now that the light of day is on this issue the Board can communicate what all the aspects of it are and slow it down.

Mr. Hays questioned how the County is able to come up with this kind of money.

Mr. Porter added that they need to take a hard look at the fact that they may be giving away property that has a much higher value.

Ms. Stewart noted they may be planning to sell some of it.

Mr. Travous stated that, in talking about precedence, everything about Growing Smarter includes ASP retaining the conservation easements. They are talking about doing an IGA which would be retired in 58 years and ask the County, if it didn't live up to it, to sue itself. The County won't do that. If that were workable, then Mr. Humphries could come back to Representative Flake and say he wants to buy back the development rights on the San Rafael for \$1 million. That opens up a whole new shooting match.

Mr. Travous reported that he has contacted the Governor's Office and let them know what is going on in all those perspectives. Because they are in budget negotiations and this will be part of the budget process, he has asked them how vocal they want the Board to be and how soon. In the position they are in right now, they are waiting to get a budget from the legislature that the Governor will veto anyway. They can't get the votes out of the legislature right now to submit a budget that the Governor is going to veto. He believes there is some time. Those issues have certainly been raised; not publicly yet. If the Governor does get a budget she wants to veto she will look for things to validate her veto, and this would certainly be one of the things she ought to point out. Others would be the SLIF and OHV money. In spite of the declarations from the JLBC and the Treasurer's Office that only so much money can be taken, it is incumbent for people to know that they are sweeping more money than is there in order to make the budget balance.

Mr. Porter stated that, should the Spur Cross issue not be resolved in some fashion by the next Board meeting, he would like to have an Agenda Item at the next meeting that would enable the Board to consider appropriate resolutions.

Chairman Pfister suggested that something may happen sooner than that and perhaps the Board should have a conference call if some of this comes quickly and there is a need for action by the Board. It clearly will be resolved before the July meeting. If it appears the Board can be helpful and there is a need to weigh in, she would want 24 hour notice given and have the Board weigh in.

Mr. Ream noted the Board discussed Whetstone Springs Condemnation and the Mabery Easement in Executive Session.

Sedona Fire District

Mr. Ream reported that the Sedona Fire Department gave a presentation to this Board in March at their meeting in Oro Valley. The Board directed staff to look into it a bit more. He scheduled a meeting last week and met with the Chief, Larry Drake, and the Assistant Chief, Matt Shobert. Also attending that meeting was Mr. Bruce Greco, Fire Manager for the US Forest Service, who works out of the Coconino National Forest Service Office. ASP participants included himself, Ms. Emery, John Schreiber (Acting Regional Manager), Steve Pace (Park Manager - Slide Rock State Park), and Mr. Siegwarth.

Mr. Ream reported unresolved issues were discussed. They are not interested at all in leasing this land or having an agreement for putting this property on the Board's land. They really want to own the property outright. They are adamant about that. In doing that, the Forest Service has said there may be some Forest Service Land the Board would be willing to trade for 3 acres at Slide Rock State Park for this opportunity. There was not much discussion past that. Staff do not know what is out there to trade. There are a few issues where ASP has permits on the forest that might help the agency. There is a permit on the Slide Rock part of that forest that has issues. There is a permit at the entrance of Red Rock State Park, which is an issue. There are encroachment problems with the National Forest at Dead Horse Ranch State Park. There are opportunities to work with the Forest Service. Even at "high speed", working those issues with the Forest Service is a five-year process.

Mr. Ream stated he believes this is a future project. They won't pull out all of the fire engines from Oak Creek in the next few months. After attending this meeting he asked ASP engineers to perform an in-house feasibility study on the site they identified as appropriate on the park. The Fire District say they need 3 acres and a building. He wants to know how high and any view shed problems it will cause. There is a 10%-12% slope across that property as it moves toward the creek. He wants to know what kind of cut fill scars staff will have to deal with. He wants to know how much of the orchard would be lost. The park has a lot of acreage, but some of it is straight up. He wants to know how this 3 acres would be carved into the park and how much of the park it would take. They will bring this information back to him and a meeting will be scheduled after this information is obtained.

Chairman Pfister noted that there was a lot of discussion about building a visitor's center in connection with this project. Regardless of what the Board gives, there needs to be some kind of clearer economic benefit. It needs to be very clear just what the Board would get out of this.

Ms. Stewart noted that, regarding the property, the Board needs to get full value - or more.

Mr. Hays asked if there is absolutely no other spot in Oak Creek where they could do this.

Mr. Ream responded that was the first thing he asked staff to investigate. Staff went up and down the creek to identify potential sites. Sites were identified on the other side of the creek which required a bridge to be built. Bridges are problematic on Oak Creek. Part of the land swap and shared infrastructure that the Fire District suggested was for 5-7 people at any given time. Their sanitary and water needs are very small. The park has one month where there are 54,000 visitors. The agency's standards will be very high. Some of their infrastructure money could be used to offset that, but we're talking a very large infrastructure for sanitation. One of the advantages from the Forest Service is a place to dispose of the treated effluent water. There is no place on the park to dispose of it. The agency's engineers will spend time in the area later in the month. Feasibility information should be available some time in June.

Mr. Ream advised that the ending report could be that a consultant be hired to look at the feasibility. He would not expect that cost to be borne by the Board. He added that perhaps the most compelling argument is that nothing new is being built in Oak Creek. The population will not significantly rise in that part of the canyon. However, the largest population in that part of the canyon is at Slide Rock State Park. They do make the majority of their calls there.

Report on the Fire Danger at San Rafael Ranch

Ms. Emery reported that San Rafael is a riparian grassland; it is not a forested area; there are not many trees there at all. In fact, fire is good for the grassland. Fire is a part of the ecosystem there. Within the last month, in fact, the BLM conducted a controlled burn on their San Pedro Riparian Preserve as part of their management plan.

Ms. Emery stated the concern with fire at San Rafael Ranch is with the historic structures. Last year a fire went through that area and swept across a research ranch at Elgin. Staff spent a lot of time talking with their staff. None of their structures were burned. ASP adopted much of their methodologies to forestall any damage to the buildings as well as sending staff out to meet with the US Forest Service experts. Fire assessments were conducted on the property. A large fire break was put in by the Development Crew from KCSP last year. It has been plowed again this year and is again in place. Combustibles around the building have been removed. There is a fire truck on the property. The Park Manager and all Rangers at the park have gone through wild fire training. There is a communication plan in place. There is a good line of sight at the ranch.

Mr. Porter noted that the propane tanks were of concern to some Board members last year. The grass had grown right up to them.

Ms. Emery reported the tanks are located on a slab. She understands that when propane combusts it actually is from the top.

Mr. Porter agreed there is a slab there. It's a fairly small slab, and the weeds had grown right up to it.

Ms. Emery stated she would check with the Park Manager to ensure the weeds have been swept out of the area of the tanks.

Report on Homolovi Ruins State Park

Ms. Karen Berggren, Park Manager, Homolovi Ruins State Park (Homolovi) gave a slide presentation on the park. She stated that the word "Homolovi" is the Hopi word for the Winslow area. The park is located very close to Interstate 40 which makes it easily accessible to the visiting public.

Ms. Berggren noted that Homolovi has a long history. She discussed the various peoples who inhabited the area. She discussed the ties from the ancient people to the modern Hopi people. She noted that Homolovi is located in the Little Colorado River Valley and was a crossroads of trade. People are fascinated to learn that camels came through here prior to the Civil War. This was also the crossing for the rail road. As a result, Winslow was a center of industry and economic importance to the county.

Ms. Berggren stated that Homolovi is of extreme importance to the Hopi people. Three clans were given responsibility for Homolovi; however there were at least 20 different clans at Homolovi. As a result, a lot of Hopis who are interested in clan history come to the park. On Mother's Day families were bringing their mothers and grandmothers to the park to see the site. This has not happened in past years.

Ms. Berggren discussed the kiva constructions and the Kachina religion.

Ms. Berggren discussed the interest in the park on the part of the Mormon settlers. Sunset Cemetery is an easy stroll from the visitor's center. Of the original Mormon settlements in the area, only Joseph City remains. The town of Sunset itself is totally gone. However, the cemetery remains on the hill. A lot of Mormon descendants visit the cemetery.

Ms. Berggren noted that there are a number of Hopi shrines located on the park. Those clans responsible for these shrines visit the park to care for them. They have been quite interested in the research staff have been doing in the park. It was discovered that the information staff have found do agree with the Hopi traditional stories.

Ms. Berggren reported that adobe bricks found at Homolovi 3 are pre-Spanish contact and has caused a reassessment of the dating of many of the adobe structures at the park.

Ms. Berggren noted that Homolovi was established because of archaeology significance at the site. The staff patrols approximately 4,500 acres, as well as approximately 500 additional acreage that is archaeology conservancy. Because of the nature of its history, the park provides a good opportunity for staff to discuss the effects of the environment on human population and how our own actions affect the environment.

Ms. Berggren noted staff believe that at one time the park had a native population of black footed ferrets. The black footed ferrets are pretty much wiped out because of the eradication of prairie dogs by ranchers. There have been more than 30 sightings of black footed ferrets at Homolovi in one year. The Game and Fish Department believes they are young ferrets who have come down from the Navajo Reservation.

Ms. Berggren added that this past winter the park had a herd of elk numbering at least 40. Visitors to the park really enjoyed being able to see the elk. She noted there is an amazing amount of natural resources on this park. There is a large bird population on the park that are easy to see.

Ms. Berggren noted that because of its central location, the park has a lot of visitors coming in with their RVs dragging their car behind. They set up in the campground and stay for the two-week limit, using the park as a base of operations.

Ms. Berggren reported that Homolovi was established to both protect the site and to interpret the cultural history, the natural history, and the archaeology itself. There are archaeologists working in the park every summer. In addition to staff and the archaeologists, there are volunteers who come out to assist with special events. The Hopi are involved in special events and programs. It is an opportunity for people to meet the Hopis and talk with them. She is developing a list of consultants. Visitors to the park can sponsor a program for a fee of \$100 (that goes to the Archaeology Society). The Archaeology Society uses that money to pay consultants and for advertising the program. The donor chooses the program and what time it is presented. Last week a presentation was given on Hopi Traditional Pottery Making to the YMCA (the Indian Princess Program). There were 60 people in attendance.

Ms. Berggren reported that there has not been a steady increase in visitation and revenues during the time the park has been open. This is not a big park insofar as visitation goes. The park honestly could not handle a large visitation. The parking lot does not have enough space. The visitor's center is small. She noted that visitation is actually down this year by 17%-18%. A lot of people think they are closed. She doesn't know if that's the reason for the drop in visitation or if people have less money and are not traveling as much. She added that revenues, comparing April 2003 with April 2002, are up 28%. Part of that is probably that there is more campground use.

Mr. Porter asked if it is possible that the decrease in visitation and increase in revenue is a result of the higher fees.

Ms. Berggren responded that people have not been complaining about higher fees any more than they complained before when they were lower.

Mr. Porter wondered if people are not coming because the fees were raised.

Ms. Berggren responded she did not feel that was the case since the entrance fee at Homolovi was only raised to \$5 from \$4. Most of their day-to-day visitors are coming from the Interstate. They really don't realize there's been a change in fees.

Ms. Stewart asked if the day use is down but the overnight use has increased and that the increase in revenue could be due to both the increase in campground fees and an increase in people camping at the park.

Ms. Berggren responded that there were more people coming in and spending the night, as well as more groups coming in and staying at the campground. That is what really shoots the revenue figures up. She noted there are no group facilities as such at the park, and they don't take reservations. When groups do come in, staff will close off a section of the loop and reserve it for them.

Ms. Stewart noted it's a great campground. She has spent the night there three different times.

Ms. Berggren reported there are currently 4 FTEs at the park, including herself, one Assistant Park Manager, two Ranger IIs, and .5 seasonal FTE. Partnerships include the Arizona State Museum, the Hopi Nation, City of Winslow, the Homolovi Chapter of the

Arizona Archaeology Society (they operate the gift shop and all profits are used to assist the park) and the Archaeology Conservancy.

Ms. Stewart asked how much the gift shop brings in annually.

Ms. Berggren responded it brings in about \$7,000 in profits. She noted this has been an important source of income for the Hopi people. There are more than 100 artists who come into the visitor's center and items are purchased from them for sale at the visitor's center. They will have a Fund Run on June 7 (National Trails Day). The majority of those participating in the Fund Run are Native Americans.

Ms. Berggren reported that there are needed capital improvements such as a maintenance building and an expanded visitor's center. There is a need to update the existing exhibits.

Ms. Berggren noted the park is a center for archaeological information in northeastern Arizona. There are a lot of people coming to the park with questions. There are opportunities to talk with the public. The Hopis take an active interest in what is going on at the park. There is a good size population of the Hopi people in Winslow who know very little about their own people. The Hopi Tribe has been concerned about this and see the park as an opportunity to give educational opportunities to their children about their own culture.

Ms. Berggren added additional positions are needed at Homolovi to give the staff the opportunity to work with both the local people and with the Hopi people.

Ms. Stewart asked if the entire capital improvement program is \$13 million.

Mr. Ream responded there are a great many improvements included in that figure.

Mr. Porter asked if those projects are on hold due to the budget problems.

Mr. Ream responded that in 2001 the agency was on track with a 10-year plan to spend more than \$1 billion in improving parks throughout the state through the grants program and in our own parks. The recent budget cuts have really dashed those plans. This would be one of those plans where corporate sponsorships would make it a more commercial venture rather than that of a typical museum venture. Staff are looking at all kinds of partnerships.

Mr. Porter noted that there might be a unique opportunity here to perhaps go forward with some of these plans for that project if it were possible to sell the Hopis on the importance of the park and try to work with them. There has been a feeling all along about attracting supporting money from the Hopis. This might be something that could be done as a continuing partnership.

Mr. Porter added that the staff need to be aware of the developing partnership with the Arizona Historical Society. While he cannot say for certain what they may have stored in their vaults Tucson, there may be appropriate material that could dovetail in. This could be just the place to do an experimental mini partnership where they create an exhibit (that is their business) in coordination with park staff for the park. He sees a potential here for a partnership. There may be an opportunity to look creatively at doing something special here that can be a blueprint for other areas of the state.

Chairman Pfister thanked Ms. Berggren for her report.

Report on Lyman Lake State Park

Mr. Tom Fisher, Park Manager at Lyman Lake State Park (Lyman), presented a slide show. He reported that the park's activities are listed on the entrance signs to the park from Highways 180 and 191. He stated the park is located approximately one hour east of Show Low, 10 miles south of St. Johns, 18 miles north of Springerville.

Mr. Fisher noted that Lyman is Arizona's first recreational-based state park. The lake is 3 miles long and 1 mile wide when it's full. Currently drought conditions exist and the lake is at approximately 700 surface acres, or about half full. The lake forms from snow melt on the north side of the White Mountains and travels down the Little Colorado River.

Mr. Fisher noted that archaeological sites are also preserved at Lyman. During the summer months they conduct ranger-guided tours of a ruin. He referred to a slide showing the Petroglyph Trail, accessible only by boat.

Mr. Fisher reported the park celebrated its 40th anniversary in 2001. The dam on the lake was originally constructed in 1915. He noted that the campground includes unique ramadas that are shaded with a wall. During the July 4th weekend the park allows unlimited beach camping.

Mr. Fisher referred to a slide detailing a park staff project that included renovation of the entire parking lot and the addition of a retaining wall. He noted their store is operated by Recreation Resource Management and they are open during the summer months.

Mr. Fisher discussed a just-completed SLIF project - a new day-use restroom.

Mr. Fisher noted that in addition to a double-wide ramp, the park also has a single-wide ramp. The ski course was installed to attract Phoenix-based water skiers.

Mr. Fisher reported that currently the Park Manager, Assistant Park Manager, and Ranger II reside at the park.

Mr. Fisher referred to a new capital project that has just been completed. Park staff removed the old steel tank that was there and installed a new 15,000 gallon fiberglass water tank.

Mr. Fisher stated that the park has all the essentials of a community (i.e., its own waste water system). Even though the park is at 6,000' the primary vegetation is piñon juniper. Shade trees were planted. Ranger-guided tours are conducted through the summer months. ASU was responsible for an excavation and the display at the visitor's center. Special events at the park include fireworks on the July 4th holiday and the International Novice Ski Tournaments are held twice a year.

Mr. Fisher referred to a list of partners. He noted ADOT is included because they have been a great partner and they assist with equipment and materials. Lyman Water Company helps with conservation of water and are actually the owners from whom ASP leases the lands for the ruins.

Mr. Fisher referred to a slide listing marketing efforts at the park. Last year revenues were actually up \$10,000 and visitation was up 7,000. Currently the park is down by one Ranger II position. Their volunteers contribute approximately 3,000 hours per year.

Mr. Fisher stated Lyman is the first park to have cabins and yurts, and they were installed by park staff. There is an inmate crew that comes from the prison two miles down the road who also assist at the park.

Mr. Fisher reported Lyman has two two-room cabins and two one-room cabins. They are trying to understand what the public really wants. They will see which cabin they prefer. He noted the yurts sleep four. There are cots available for any families larger than four. It may be possible to fit two more cots in the yurts with an additional charge of \$5 per extra person. The initial fee for the yurts is \$35 per night.

Mr. Fisher stated that the current staffing level is a concern. The agency is promising to purchase the employee residence, but it has not yet occurred and that is another concern. Another concern is that the current minimum pool at Lyman really only helps the fish survive; it does not allow for recreation at all. Because this entire park was built with SLIF, budget cuts to SLIF is of great concern to staff.

Mr. Fisher noted that the design for their maintenance building was used at Patagonia Lake State Park. Park staff hope to have their maintenance building built within the next year.

Mr. Fisher noted there is a concern that there are no restrooms near to the cabins. The nearest restrooms are currently 1/3 to 1/4 mile from the cabins. Staff plan to install a restroom between Cabin 2 and Cabin 3 that will also serve the people who camp on the beach.

Mr. Fisher added that another concern is that the state highway currently comes right through the middle of the park. When the park closure arose last year they were going to have a difficult time keeping a state highway through the park open when the park was closed.

Mr. Fisher noted that their contact station is a mile-and-a-half from the entrance to the park. There are access points to the lake as one drives in along the road. If visitors don't register at the contact station, park staff must go out and chase them down. A contact station at the entrance to the park is the best way to go.

Mr. Fisher noted there is about \$1 million available for improvements online for 2005. The money would be used for improvements such as paving all the dirt roads and dirt parking lots in the park.

Mr. Fisher added that another concern is that the #7 campground is built right in front of the residence area. Staff would like to start putting campsite facilities on the lake. Another concern is that not all of the restrooms are ADA compliant.

Mr. Fisher discussed changes staff would like to make to the Petroglyph Trail and some of the displays at the park.

Mr. Fisher noted that taking reservations for the yurts and cabins will become a problem. Because other parks will be coming online with cabins and yurts a central reservation system would be the way to go.

Chairman Pfister asked if Mr. Fisher and Ms. Berggren have ideas on how to improve communications within the agency so that their staffs feel that they know what is going on.

Mr. Fisher responded that the suggestion regarding visits to the park would be huge. Perhaps knowing that people were involved in the decisions being made would help.

Ms. Berggren noted that things change very quickly. Sometimes in the Phoenix Office people spread the word around but sometimes forget to send it out to the field. It's the little things like that that cause problems. They do read the Board Minutes at Homolovi. Those Minutes are posted and everyone goes through them. It is appreciated. She feels there has been a real improvement in that type of communication. It's just the little things.

Chairman Pfister thanked Mr. Fisher for his presentation.

Hopi MOU Progress

Mr. Ream reported that a meeting had been scheduled among the principles of the Hopi MOU. There was an initial meeting in April. Another meeting was scheduled for May 14 as a follow-up. That meeting was cancelled. Mr. Scott Canti suggested he would use his time to help write a letter or document that could be brought to this Board. He provided Mr. Canti with his ideas and will work with Mr. Canti to have something to bring to the Board at their meeting in July. There have been discussions on creating a Letter of Intent, an MOU, and even a Memorandum of Meeting Some More.

Chairman Pfister stated her belief that staff could start general and small. This is a situation where some forward movement may be better than having to struggle with something too complex. It could be possible to start out with a general formal agreement and then move forward with some of the specifics.

Mr. Ream responded it will be broken up into three sections: Hopi administration of a parks program that they would like to develop; Land Acquisition Master Plan (a master plan of what Homolovi would look like with the Hopis' help and ASP); ASP and Hopi partnerships economic special event (would include things ASP could do to promote Homolovi that in turn promotes Hopi culture and economic development of all involved). He hopes to have something for this Board in July.

Chairman Pfister suggested staff not worry about it being comprehensive.

Mr. Porter suggested bringing together all of the entities who have an interest in Homolovi to do a long-range plan of what can be done that would help maximize for the Hopis, Winslow, and ASP the effectiveness of what is being done at the park. There is already a Long Range Expansion Plan in place for the actual park facility. He feels there is a unique relationship developing here that he doesn't detect very many places elsewhere in the park system. He noted that the Board is going to have to find different ways of doing things. He believes that this Board will be wrestling with these same horrible issues and wonderful things that need to be funded will not get funded through any traditional existing sources. He does not believe that funding will be back in place three years from now nor that things will be business-as-usual.

Ms. Stewart stated she felt it would be important to invite all of the partners who were listed in the presentation who have a long-term relationship with the park.

Special Events

Mr. Ream reported that Ms. Berggren and Mr. Fisher already discussed the special events he was going to report on.

Update on Acquisition of Property at Sonoita Creek from Rio Rico

Mr. Ream noted that the Board has already discussed this issue.

2. Board Actions:

- a. **Verde River Greenway Land Acquisition** - Staff recommends that the Arizona State Parks Board authorize staff to purchase the identified Parcels 1 and 2, consistent with parks' Land Acquisition Process and other Board-approved procedures, and to use \$275,000 from the AHF-Natural Areas/ Acquisition Fund for these purchases.

Ms. Emery distributed maps of the area to the Board. The properties the Board already own are detailed on the map by medium green. Highlighted in pink were properties identified by this Board in 2000 when the Board reaffirmed its commitment to the Verde River Greenway.

Ms. Emery reported that staff are coming to the Board today because there is an opportunity to take advantage of a situation. Phelps Dodge owns two of the parcels the Board has an interest in and have expressed a willingness to sell. Excluding money set aside for the Rio Rico/Sonoita purchase, there is still approximately \$1.6 million of Natural Areas money. Several years ago the Natural Areas Committee did identify those properties that fit within the criteria. Given that, and knowing that the Board has the money available at least until June 30, 2003, staff are bringing these two parcels to the Board at least for the authorization to expend the funds if agreement can be reached with Phelps Dodge.

Ms. Emery pointed out the parcels on the map. She noted one of the parcels is informally used by people right now as a jumping off place to get to the river. This parcel would provide a great staging point for the Board's trails system and to control damage occurring to the habitat because of the free-wheeling use that is currently going on. Staff surveyed the parcel and identified the appropriate size needed to protect the riparian area and perhaps provide parking as approximately 10 acres.

Ms. Emery pointed out the second parcel on the map, which is at about the top of the loop of the creek. It triangular in shape and is also approximately 10 acres in size. It is very special. It has a high percentage of endangered species on it. SRP was looking at that parcel as part of lands to be acquired for mitigation. The problem with this parcel is that it is completely landlocked. It has no access and there is no affordable access that could be put in there. There is a small triangle of Forest Service land beside it to the left. It has high connectivity; there is a social trail people use informally. It will be easy to work with the Forest Service.

Ms. Emery reported that appraisals were done. The first parcel discussed was appraised at approximately \$225,000, partly because it has access. The second parcel discussed was appraised at about \$44,000 because of its landlocked position. Staff have given the appraisal information to Phelps Dodge, who are taking it through their approval process. Additional things still need to be done, such as running of title searches, environmental reports, etc.

Board Action

Mr. Porter: I move that the Arizona State Parks Board authorize staff to purchase the above-identified Parcels 1 and 2, consistent with Parks' Land Acquisition Process and other Board-approved procedures, and to use \$275,000 from the AHG - Natural Areas/ Acquisition Fund for these purchases.

Mr. Hays seconded the motion.

Ms. Stewart noted that mention was made about SRP mitigation. She asked if SRP had done that whether they had planned to give the land to the Parks Board.

Ms. Emery responded SRP decided against it.

Chairman Pfister expressed her concern at expending this money while the Board is facing such budget challenges. She wanted assurance that it would be appropriate to expend this money.

Mr. Porter noted that the staff recommendation is to purchase these parcels.

Ms. Stewart added that the Board is limited on what this money can be use for. She believes that these are some of the key parcels that the Board has identified in its overall plan to acquire. The Board needs to look at the damage that could occur by not acquiring these parcels. They are in prime locations to create problems for the Board in the future if they fell into the wrong hands.

Mr. Ream noted that the last time the Board did not acquire a parcel it thought it should because of a lack of money, it increased in price by 10 times in less than 2 years. The Indian Hills property could have been purchased for \$400,000; the Board ended up paying more than \$1 million.

Chairman Pfister called for a vote on the motion on the floor. The motion carried unanimously.

- b. Establish and Revise Fee Structure at Kartchner Caverns State Park** - Staff recommends that the Arizona State Parks Board establish and revise the fee structure at Kartchner Caverns State Park.

Mr. Ream reported that one of the reasons the Board is just now seeing the proposed Kartchner Caverns State Park (KCSP) fee schedule is that a meeting was just held on Tuesday to develop this fee schedule. Staff have been trying to get the Fee Philosophy, as directed by the Board, done in order to apply it against this schedule. Staff are on the edge of finishing the Fee Philosophy. The consultants will deliver the work that has been accomplished through the Park Managers and the Smart Fees Team. There was a Fee meeting on Tuesday and the KCSP fees were reviewed.

Mr. Ream stated he is bringing this proposal to the Board at this meeting because there is no Board meeting scheduled for June. A fee schedule for KCSP needs to be agreed upon today so that fees for the KCSP Big Room Tour can be charged by July 1. After the Board passes fees, it takes 30 days to go through the Secretary of State's Office before those fees can be charged.

Mr. Ream noted that if the Board does not pass these fees today, but waits until July, those fees cannot be charged until September.

Mr. Ream reviewed the KCSP Fees spreadsheet. He stated there are certain assumptions. The Big Room tour size will be approximately 15 people. Less than 15 on a tour becomes economically unfeasible. If there are 15 people on a tour, the frequency of tours must increase to 20 tours per day.

Ms. Stewart asked how many people are on a Throne Room tour.

Mr. Ream responded there are 20 people on a Throne Room tour.

Ms. Stewart noted the Big Room tour would be 75% of the size of the Throne Room tour.

Mr. Ream agreed and added that, at current rates, it would be about \$70 less in revenue per tour.

Mr. Ream stated staff believe they can do 200 tour days per year, because of the bats. There is a possible additional two weeks on either end where people could walk up for tours. Reservations would not be taken during that period because it is not known when the Big Room will close because of the bats. Protocol is that when 50 bats are in the room, the door closes. Tours would be given up until that number is reached. Staff see this as a great public relations opportunity, similar to the swallows returning to Capistrano.

Mr. Ream stated staff expect 300 people per day, or about 60,000 people per year, could take the Big Room tour. There are a few things about the Big Room that are unknown. Mr. Armer suggested not allowing children on this tour. He pointed out that there is no provision on the fee schedule for children 0-6 years of age.

Mr. Ream stated that, in addition to the above assumptions, there are currently 41 employees at KCSP. Staff believe it will take 16 additional employees to accomplish the opening of the Big Room plus additional operating costs of \$650,000. Those are the marks that must be made to break even. ASP cannot afford to "break even" at KCSP.

Mr. Ream noted that there are two prolific complaints about the current tour. One is that when visitors arrive at the park they have to pay \$10 to get in and they have already purchased the tickets. The second complaint is the music. A lot of people love the music. With the addition of the Big Room tour, there will be a tour without music.

Mr. Ream reported that staff have attempted to eliminate the \$10 entrance fee. The current fee is \$10 for the first four adults. The proposed fee will be \$5 per vehicle for the two adults in the car, and then \$2 per person after that. Four adults in a car would then go from \$10 to \$9. However, that fee would be waived if they hold tour reservations. The price of the ticket has been increased to cover the entrance fee. Visitors will only pay an entrance fee if they do not hold a tour ticket.

Mr. Ream reported that the Reservation Surcharge Fee will increase from \$2 to \$3. There are several reasons for this. We are going to go with online reservations, and credit card costs are rising. Online reservations automatically process between \$0.89 and \$1.00 every time a ticket transaction is made online. This is above the cost we are already paying with the \$2 fee. We are currently bringing in about \$200,000 per year on reservation fees. This has the potential of bringing in a considerable amount more. With the additional 60,000 tickets it may be possible to be in the area of \$700,000 with a 100% application of the fee. The Reservation Surcharge is the money needed to administer the reservation program.

Chairman Pfister noted that, in the end, the agency is helping to pay for the convenience of the patron. People would be willing to pay \$1 for the ability to go online for their tickets.

Ms. Stewart added that it will be a lot easier. During a busy time, a person could be on the phone for quite a while. Reservations could be made any time of the day, rather than only during office hours. She feels there will be increased revenue as a result of being online. Additionally, once that system is set up, it could be used park-wide.

Mr. Siegwarth responded that we currently have a "limp along" system that is tied to Paciolan. There won't really be a true real-time reservation system until January. There will

be a system that will pretty much allow that. As far as expanding it to the other parks, that's still a technological problem. The statute that covers the Reservation Surcharge Fund basically says that it is for a reservations system to be spread out among the state parks. Staff have not yet come to grips on how to handle the issues at Lyman.

Mr. Siegwarth added that the Internet fee will be approximately 7.5% of the ticket price. If a ticket were to cost \$20, \$1.50 of that would go to the Internet provider; \$0.50 would go to Visa or MasterCard. ASP will only be picking up \$1 on the Internet Reservation System. However, no costs will be incurred in terms of people. It will be fully operational in January; it will be close in August.

Mr. Ream began discussion on the Throne/Rotunda Reserved Cave Tour. Currently children 6 and younger are free; 7-13 pay \$4 with a \$2 surcharge; 14 and up pay \$14 (\$12 ticket and \$2 surcharge). For a family of four (with 2 children between ages of 7-13) it costs approximately \$50 because they have to pay the \$10 entrance fee if they ride in the same car. The Proposed fees are: ages 7-13 pay \$6.95; 14 and up pay \$15.95 which includes the entrance fee. Adding the surcharge, the fees come to \$9.95 and \$18.95, respectively, for a net family-of-four cost of \$57.80. It is a \$7.80 increase in admission for a family of four.

Ms. Stewart asked if \$4 of the \$57.80 actually goes for the surcharge.

Mr. Ream responded that \$12 actually goes to the surcharge. Of the \$7.80 increase, \$4 goes to the surcharge, so the increase to a family of four is really only \$3.80. He feels that is a reasonable increase for a family of four considering this park was not included in the last round of fee increases.

Mr. Porter asked why the changes are \$6.95 and \$15.95 rather than even dollar amounts of \$7 and \$16.

Mr. Ream responded that fees have been set over the years with \$1 increases. This time around Marketing staff were included in the process. There is a psychological thing with the \$0.95.

Ms. Stewart noted she attended that meeting. One of things that was taken into consideration was that these fees will all be collected on the reservation system. Park staff will not be making change. The car fee is still an even-dollar fee.

Mr. Ream summarized that the Throne/Rotunda Reserved Cave Tour fee is increased. However, when a visitor presents their confirmation letter they do not pay the \$10 parking fee.

Ms. Stewart pointed out that a single person visiting the park now pays less since they had to pay the \$10 parking fee in addition to their \$14 tour ticket. Even for two adults, it is still slightly less.

Mr. Ream added that this solves the problem with the concessionaire. No one will come in on the \$10 fee just to go to the gift shop. Aramark has wanted to conduct book signings and other activities at the gift shop. The \$10 fee prohibited someone from coming in. Some people are willing to pay a \$5 fee to come in for a special event or book signing.

Mr. Porter suggested striking a deal with the concessionaire to rebate the \$5 entrance fee if someone purchases something from the gift shop. They could increase their prices somewhat to cover it. It would encourage people to spend their money at the gift shop.

Mr. Ream responded that he has been meeting with all the concessionaires throughout the year. He has had that meeting with Aramark. Some of those issues have been discussed; and, in fact, this fee change is a direct result of that meeting. They have discussed discounts to encourage visitation over the summer.

Mr. Ream began discussion on the Throne/Rotunda Seasonal Reserved and Walk Up fees. The current fees are \$6 and \$14, with the \$2 surcharge included. That fee has been reduced and then increased. The reduction is that the children go from \$6 to \$5.95 and over 14 years of age from \$14 to \$13.95. When the \$3 surcharge fee is added they go to \$8.95 and \$16.95. If this fee is established not as a discount, the off season can actually be promoted. This is the agency's contribution to the locals. The entrance fees will be lower during the summer. That is when staff will work with the concessionaire on giving discounts at the gift shop. They could develop a summer line to complement the discounts during the seasonal time. Research and Marketing (RAM) will determine the dates for the summer rates. It will be a published reduced rate.

Mr. Ream began discussion on Throne/Rotunda Walk-Up fees. In the past, the idea was that walk-up tickets would be used to fill up the tours. That hasn't really been the case. People actually wait to walk up, particularly during the off-season because they know they get an extreme discount (they don't pay the Reservation Surcharge). Rather than calling it Reservation Surcharge on the Walk-Up tickets, the usual ticket price will be charged for the convenience of walking in and taking the tour on the same day.

Mr. Porter noted that, on the face of it, it appears that they are getting in at the exact same price. He believes people coming in off the street like that for the most part expect and would find it reasonable to have to pay a little more.

Mr. Ream pointed out that those people do not get their entrance fee waived. If they do not have an advance reservation, they have to pay the \$5 entrance fee for the first two adults and \$1 per person thereafter.

Mr. Ream began discussion on the Rig Room Reserved Cave Tours. He noted there are no current fees in place for these tours. The Big Room certainly is a premium tour. Those Board members who have been on this tour know that it will be a premium tour. It will be a premium tour for two reasons: it's only available 200 days a year; there will be only 15 people per tour. It will cost a lot more to implement it. It is not known at this time whether there will be a "walk-up" on that tour. Those tickets may all be reserved within the first few months of every year as soon as the bats leave.

Mr. Ream reported the ticket price was established at \$9.95 for children 7-13 and \$19.95 for ages 14 and above. When the \$3 surcharge is added, it comes to \$12.95 and \$22.95 respectively. For a family of four, it would cost \$71.80. When that amount is divided by four, it is not really an expensive outing for a day.

Mr. Ream added that if walk-ups were to be done, it would be very similar to the formula for the Throne/Rotunda walk-ups. There may be times where 14 tickets are sold on a tour and someone may want to pay for a walk-up ticket.

Mr. Ream reported that he has taken this KCSP fee sheet to the Assistant Director of Administration. Using the assumptions we have for the 180,000 people we are currently serving in the Big Room, he asked if the same amount of money (or more) will be made on the Throne/Rotunda Room tour that had been made before changing the formula.

Mr. Siegwarth stated his section ran the numbers in a completely different manner from Mr. Ream and he believes they came up with the same number.

Mr. Ream stated that number is \$1.87 million after expenses.

Mr. Siegwarth explained that staff have always figured \$2.5 million for the Throne Room, including gift shop sales. Staff want to make an additional \$1.3 million, for a total of \$3.8 million. They both came up with \$3.75 million.

Mr. Porter asked if staff have any idea how many people will want to make reservations for both tours.

Mr. Ream responded staff are not sure. Certain assumptions were made that 15 people can go on that tour, and he believes that can be done. To date, there have been 8 mock tours of the Big Room. Staff are making the assumption that 20 tours can be conducted per day. That information needs to be spread into the tour times they have to see how it fans out. It would probably be possible for one to leave the 8:00 tour at 9:30 and then go on the 9:40 tour. The question is whether that person would leave the cave, come back to the visitors center and then get back on another tram to go back to the cave. Blending tours is probably something to consider in the future. He believes the Big Room tour will be so popular, at least in the first few years because of its exclusivity, that it will be sold out.

Board Action

Ms. Stewart: I move that the Parks Board adopt the fee schedule presented for Kartchner Caverns State Park.

Mr. Porter seconded the motion.

Chairman Pfister noted that this is a big, bold move.

Mr. Ream stated that if he finds any problems with these fees as the computer is manipulated, he will come back to this Board. Staff will not try to make something work that doesn't work.

Chairman Pfister called for a vote on the motion on the floor. The motion carried unanimously.

Chairman Pfister asked if there is any word on what is happening in Phoenix with the budget.

Mr. Travous reported that the House has passed the budget out of Appropriations and may go to the floor this afternoon. They do not want to get too far ahead of the Senate. The Senate is still trying to gather up its votes on the Appropriations Committee. There is no word yet as to whether the budget can get out of the Senate. If it does, it will still have to go to the floor where the fight will likely be because more of the conservatives are on the Appropriations Committee than are on the other committees.

Mr. Travous added that staff have been in contact with the Governor's Office. They do not like the Spur Cross idea whatsoever. There is no word from the Governor's Office as to whether or not she will veto the budget as it sits, line item veto it, or how they want the Board to be a part of the process if they do look at a veto.

Ms. Stewart asked if the fact that it passed out of House Appropriations is an indication that the majority believe they have the votes to pass before the full body.

Mr. Travous responded that he would not go that far. It is more likely to pass in the House just because there is a larger majority in the House of Republicans vs. Democrats.

Ms. Stewart asked if this budget proposal still takes Heritage Fund money from ASP and G&F.

Mr. Travous responded that the bill takes \$1.8 million from ASP's portion of the Heritage Fund and gives it to the Arts Commission; it takes another \$5 million from ASP's portion of the Heritage Fund; it takes \$5 million from G&F; it takes \$4 million from the OHV fund; and it takes \$10 million from SLIF.

Ms. Stewart noted the Heritage Alliance and some of the other groups normally get pretty excited whenever there is a raid on the Heritage Fund. She hasn't seen much of an outcry.

Mr. Porter noted he has not seen much and suspects there is a numbness that has set in. Things are so bad that these things are going to happen and it doesn't matter a whole lot how much people protest it. He also believes there is a feeling that the legislature will not listen to those protests anyway.

Chairman Pfister added that the Board has not jumped in partly because of the Governor's admonition.

G. ADMINISTRATION

1. Section report

Budget Update

Chairman Pfister noted that the Board have received E-mails that talked about the budget and that with this current proposal, as bad as it is with the legislature, the Board can probably keep all the parks open - barely - and keep everyone employed - barely - and have a very small grants program.

Mr. Siegwarth explained that all of the staff have been very frugal this year, saving money for a rainy day. That has taken some of the pressure off in that not quite as much has been spent as was expected. To those concerned about the grants program, this is a horrible budget. To those concerned about the capital development program and what had been envisioned for the next 3-10 years, this is a horrible budget. In looking at the operating budget, even though they cut us in the 5th and 6th Special Sessions, they are putting the money back to keep the operating budget the same. It is a good budget from that point of view. Essentially they are appropriating the exact same dollar amount this year as last year.

Mr. Siegwarth noted that staff were concerned because a lot of the employees are non-appropriated. Based on the fact that it was explained to them that ASP has capital needs over the year, they did write language in the ORB that the Heritage Fund could be used as needed this year and next year. If there is an unexpected capital need, the Board has the ability to fix it. Based on the revenues, the Board can redirect some of that money to ensure staff are employed.

Chairman Pfister explained that there was a meeting recently with Senator Carolyn Allen, Mr. Travous, Mr. Siegwarth, JLBC, Senate staff, and herself to walk through what the Board's problems were with the JLBC budget. They listened, and it got a little better. What came out publicly was better than what was being heard privately.

Mr. Siegwarth explained that they are taking all the capital money from the Enhancement Fund. At least the \$9.5 million goal is within shooting distance based on the capital development already done and the opening of the Big Room. If this is the worst budget year in state government history, and the agency is really suspending most of the grants and all capital development projects for one year, it doesn't really give the Board a lot of room to scream. Even though a good case was made that there will be capital needs that will occur, they did give the Board the ability to manage that.

Chairman Pfister added that it totally raids the Heritage Fund for operating. There will be a lot of people who will be angry about that. As she has said privately, and would say publicly, if it means making a choice of keeping state parks open or giving grants for ball fields and historic preservation, she will keep parks open. To her that is more important than awarding new grants.

Mr. Siegwarth added that the LWCF interest that they are taking is bad, but it is money that won't affect the program operating - it just reduces the amount of money that can be given out. There is some backlog on that.

Mr. Siegwarth stated that the SLIF could be a problem, however we really won't know until July. Once the actual revenue numbers are known there may be some options available.

Chairman Pfister reminded the Board that ASP has not received \$10 million over the past few years.

Mr. Siegwarth responded that they adjust it every three years. The last was \$10 million, but they took \$6 million. This year it appears the fund will be about \$10.2 million; they are taking \$10 million. The problem will be next year. If we get \$7.5 million it will really hurt. If things aren't that bad and we get \$8-\$9 million, then there will be some options to deal with in July.

Mr. Siegwarth stated that so far as the grants go, there will be the LWCF, the federal RTP, and Law Enforcement Boating Safety Fund (LEBSF), and then there will need to be discussions on this year's Heritage Fund grant program. It's not all bad.

Mr. Siegwarth noted the Board has discussed the OHV fund. The \$700,000 the legislature was going to give the Board to operate the state parks did not exist. While he feels badly for G&F, that was how they decided to fix the problem. The legislature is making an effort to give the Board enough money to keep the parks open.

Chairman Pfister added that during the meeting she discussed earlier, they said this \$700,000 was supposed to be transferred from ADOT to the Board's budget. Mr. Stavneak, Director of JLBC, said they determined later that that was unconstitutional. That left the Board on the hook for \$700,000 that it does not have. Unfortunately, they then took it from G&F.

Governor's Efficiency Review Update

Mr. Siegwarth noted there are a number of downsides. One is Spur Cross. This is clearly something that was unexpected. The Governor will be on the hook to come up with \$80 million in efficiency savings and about \$25 million of federal fund supplantations. To make this budget work, the Governor will have to find \$100 million next year.

Chairman Pfister asked when will the agency have its Efficiency Review.

Mr. Siegwarth responded that six more agencies were just picked up for the Efficiency Review, including G&F but excluding ASP. However, a document was published that requires that by August 1 the agency must do its own internal Efficiency Review and publish how it will reduce portions of its operations. It essentially includes travel (in-state and out-of-state), reduction of fleet vehicles, reduction of training costs, purchasing, use of federal money to offset other things, decrease mailing, postage, and copying costs, increase use of electronic technology, and decrease energy costs. In many ways, ASP is already doing some of this. That may be why this year there is a little bit of money left over.

Mr. Siegwarth noted that if staff come up with \$100,000 worth of savings, it will probably be taken. If the staff cannot come up with \$100,000 worth of savings, something else will be gone.

Mr. Siegwarth pointed out that there will be some other nickel-and-dime things to deal with. Telecommunications costs to DOA will be more expensive, HR costs to DOA will increase.

Mr. Siegwarth stated that those are some of the unknowns the agency will have to deal with. It could be difficult. Perhaps revenues will be higher and the Board won't have to worry about it.

Chairman Pfister noted that at least ASP is not being cut disproportionately as it was last year.

Mr. Siegwarth added that as staff try to close out this year's books, any outstanding travel claims would be appreciated so we know exactly where things stand.

Mr. Siegwarth advised that the employees' Retirement rate will be increasing a lot. The effect on the employees will probably be equal to a 2% cut in their salaries. The agency will have to absorb that cost as well as any increase in health insurance when that occurs. The agency costs are calculated based on total personal services and could be as much as \$300,000. Because the General Fund was cut so low, it will be a minor cost to the agency because the LWCF can be increased from \$700,000 to \$710,000; the Enhancement Target could be increased from \$9.5 million to \$9.6 million. Some of those charges can be absorbed. However, so far as the General Fund is concerned, since staff have not determined how to distribute Personal Services, it will result in being nicked and dimed. While it won't be cataclysmic for the agency, it could result in a 2% decrease in the employees' take home pay.

Mr. Siegwarth suggested that in 2005 the agency needs to think about saying there needs to be an across-the-board pay increase for the employees. They were supposed to get a 3% raise the beginning of this year and that went away. Now they are taking a 2% pay cut which wipes out the 3% raise from the previous year.

Mr. Travous added that the 2% figure does not include the increase to health costs that the employees have absorbed over the year.

Mr. Travous stated that part of his job is to look forward. One of the things that was done years ago was to put Heritage Fund money aside and to be very conservative in hiring people. In other words, people were not hired as soon as the agency got the money. We made sure there was money in the bank to last a year before that person was hired. That way if things went badly, this option would be there. There is a need to guard against allowing the carry forwards to become so eroded that that cannot be done. The mindset of the legislators is that they give the agencies money at the beginning of the year to operate

from. That's not the way we operate. More and more we operate on money we collect and some of the carry forwards. We cannot hire staff in September and say we'll pay them in May when we get the money. We have to ensure the money is there at the beginning of those fiscal years keep us going until the money is gathered from them.

Ms. Stewart noted that it was mentioned that the Heritage Fund could be used for unexpected capital needs. She assumed that would include major infrastructure breakdowns and the like. In view of that, is the Board risking its ability to keep the parks open by having a Heritage Fund grant program in September?

Mr. Siegwarth responded that that is a huge, sticky problem. He believes the Board may want to broach that subject more in July. Everything he has read to date would lead him to expect that what ASP gets this year from the lottery is what it can expect to get next year. If revenues are \$8.5 million this year, it should be safe to say we'll get \$8.5 million next year. That would give \$1-\$2 million to spread over next year. But, we are in the middle of a grant cycle. Do we not use the money for its purpose? In just doing a quick calculation, if the agency does get \$1-\$2 million next year, that would hopefully keep all staff employed and provide enough money for any unexpected capital projects.

Ms. Stewart noted that those unexpected capital projects usually amount to about \$1 million every year.

Mr. Siegwarth stated that it almost goes back to the previous discussion. If the Board just lets \$8.5 million or \$5 million sit there, what may happen to that money? The Board is in the strange situation of asking whether to stop the programs or continue the programs. He's torn. He's sure that the Chief of Grants would say that this budget cycle in September should go forward. He is not saying it shouldn't. The grant cycle in September 2004 is probably in danger.

Mr. Porter pointed out the Board has no idea what form the budget is going to take or what kind of tampering there will be.

Ms. Stewart suggested that the Board should revise the contracts for the grants to include a clause regarding suspending them if the Board lacks sufficient funds. The Board needs to better protect itself in the future.

Ms. Hernbrode responded that she wouldn't exactly say the language is not contained in the contracts; however, it is not in the contracts in as strongly or in the way they would like.

Mr. Travous noted that his peer in Massachusetts has stated that they have not put a freeze on anything but there's a definite frost. Come September, after we see who wins the budget, it may be that some grants are awarded but some are held in abeyance. Conservative fiscal management is probably the call for the day.

Chairman Pfister noted that if this budget had not been changed, the agency would have been in a world of hurt.

I. TIME AND PLACE OF NEXT MEETING

Chairman Pfister stated that if there is a need for budget discussions, a conference call meeting could be arranged.

Mr. Travous stated that if there is a need, it would be a single-issue Agenda - the budget. It would also depend upon how much clarity staff could provide the Board.

Chairman Pfister added that if a meeting is needed in June, staff are not bound by the June 19 date.

The next Parks Board meeting is scheduled for July 16-17, 2003 at the Lodge at Tonto Natural Bridge State Park in Payson, Arizona.

Chairman Pfister returned to the Partnerships Board Action that was delayed earlier in the meeting.

D. PARTNERSHIPS AND EXTERNAL AFFAIRS

2. Board Actions:

- a. Consider Awarding FFY 2003 Land and Water Conservation Fund (LWCF) Monies for the FY 2002 Local, Regional and State Parks (LRSP) Heritage Fund and FY 2002 State Lake Improvement Fund (SLIF)**

Ms. Madonna presented the Board with a recommendation that would combine the 2002 LRSP and SLIF applications with 2003. She recommended that, in September, the Board would award the Heritage Fund grants first, then LWCF grants so that fewer projects would be subject to paying the surcharge.

Mr. Travous noted there won't be flexibility in the Heritage Funds, if we still have them, to what may need to be done. He would spend the LWCF funds first and then the Heritage Funds.

Ms. Stewart stated she thought the award of the LWCF funds should be combined with the award of the Heritage Funds scheduled in September and that the Board would consider everyone who had applied for the Heritage Fund grants and the 2002 unfunded LRSP and 2002 SLIF applicants together.

Board Action

Ms. Stewart: I move that the Parks Board combine the award of the LWCF with the 2003 LRSP Heritage Fund awards in September and that the Board consider the 2003 Heritage Fund applicants and the unfunded 2002 LWCF applicants and the 2002 SLIF applicants together.

Mr. Porter seconded the motion. The motion carried unanimously.

Ms. Stewart noted that staff can recommend what monies are spent. The Board is more concerned with who it gives money to.

H. SUMMARY OF CURRENT EVENTS, MATTERS OF BOARD PROCEDURE, REQUESTS AND ITEMS FOR FUTURE AGENDAS

Ms. Stewart requested a park presentation by Tonto Natural Bridge State Park at the July meeting.

Ms. Stewart asked for a report at a future Board meeting (not the July meeting) on ADA Compliance at the parks, both in terms of facilities and trails. She understands such a report is in progress and would be ready in September or October. She would like that report to include not only what has been done but things that can be done.

J. ADJOURNMENT

There being no further business to come before the Board, Mr. Porter made a motion to adjourn the meeting. Mr. Hays seconded the motion. The motion carried unanimously. The meeting was adjourned at 2:05 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

Kenneth E. Travous, Executive Director

APPROVED

Suzanne Pfister, Chairman